BIOMS MEDICAL™

a discovery with promise for people with multiple sclerosis around the world

Multiple Sclerosis (MS) is one of the most common diseases of the central nervous system in young adults. An estimated 2.5 million people in the world have MS - approximately 400,000 in North America.

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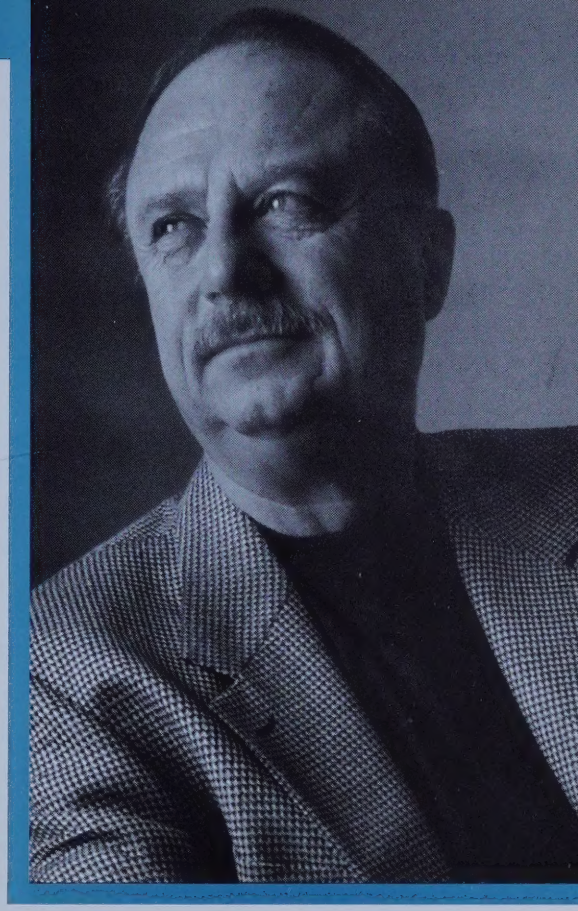
Chairman's Report



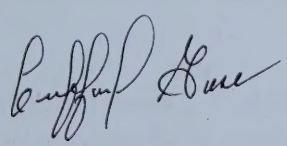
As this is our first annual report as a public company, I am pleased to report on our mandate, resources and progress to date. It's important to know how we got here, and most importantly, how we are advancing the fight to aid multiple sclerosis (MS) patients worldwide.

MS is a devastating disease, which I have witnessed first hand. Almost 27 years ago, my wife Robin was diagnosed with MS. Her case study is all too typical. During the first few years, she had several relapsing remitting attacks that devastate the body's ability to transmit signals from the brain to perform basic, everyday functions. Robin, as many MS patients do, responded temporarily to a range of traditional and alternative therapies while the disease advanced, eventually leading to a form of MS referred to as chronic progressive.

During this period, researchers at the University of Alberta were conducting research to find a treatment for MS. Dr. Ken Warren, Professor of Medicine in Neurology and Director of the MS Patient Care and Research Clinic, and Ingrid Catz, Ph.D. in Immunology and Lead researcher at the aforementioned clinic, focused their efforts on understanding the mechanisms causing the damage to the central nervous system. Their efforts culminated in the formulation of MBP8298, a synthetic peptide they believed could modify with the disease process.

In 1992, they started treating the first chronic progressive MS patients with MBP8298. Robin received her first treatment in 1996 and has seen a complete halt in the progression of the disease since. Because of our personal success with the treatment, and the impact it has had on our lives, we have made it our mission to ensure that Chronic Progressive MS patients have access to MBP8298 as soon as possible.

To achieve this goal, we canvassed and successfully raised $19 million from private investors. BioMS went public in October 2001 with sufficient funds to take MBP8298 through the next phase of clinical testing in Canada. While we have a long road ahead, we are very optimistic about the potential of MBP8298 to impact the lives of MS patients around the world. I would like to thank all who have helped in getting us here and I look forward to the ongoing commitment to help us achieve BioMS's important goal.



Clifford D. Giese
Chairman and Chief Financial Officer

President's Message

Our mission to fight the Chronic Progressive form of Multiple Sclerosis (CPMS) also forms the foundation of our business objective to build a strong, well-capitalized company with a commercially successful drug sold in markets around the world.

We believe that the size of our target market, currently not served effectively, is enormous. Annual global sales for the four interferon-based drugs that are used to treat the other dominant form of the disease, Relapsing Remitting (RRMS), are U.S. $2.3 billion. This market is growing at 15% per year and expected to ultimately reach U.S. $4.2 billion by 2007. Since there are roughly an equal number of CPMS patients as RRMS patients, we believe the markets are of similar scope, were there an effective treatment for CPMS.

While immunosuppressive agents and steroids have been used extensively for the treatment of RRMS, there is a lack of approved treatments for CPMS. The interferon-based immunosuppressive treatments appear ineffective and the chemotherapy drugs that have shown limited benefit come with undesirable side effects. It is this unmet need for CPMS treatments that BioMS is focused on.

Our approach to the treatment of CPMS is unique. While the trigger for MS has yet to be established, MS is understood to be an autoimmune disease, where the patient's immune system attacks the myelin sheath surrounding nerve cells. For more than 22 years, researchers Dr. Ken Warren and Ingrid Catz, have focused on the process where the MS patient's immune system attacks the myelin sheath. They discovered that the immune system of MS patients creates elevated levels of antibodies, which attack a specific amino acid sequence in Myelin Basic Protein (MPB). Dr. Warren and Ingrid Catz, however, have discovered a compound, MBP8298, that appears to "mop-up" these antibodies and also inhibit further antibody production.

Clinical trials to date have provided reason for optimism about the potential success of MBP8298. A high percentage of patients receiving the treatment have responded with complete or partial antibody suppression and no observed clinically relevant side effects. Our team believes these early research achievements demand that we move forward.

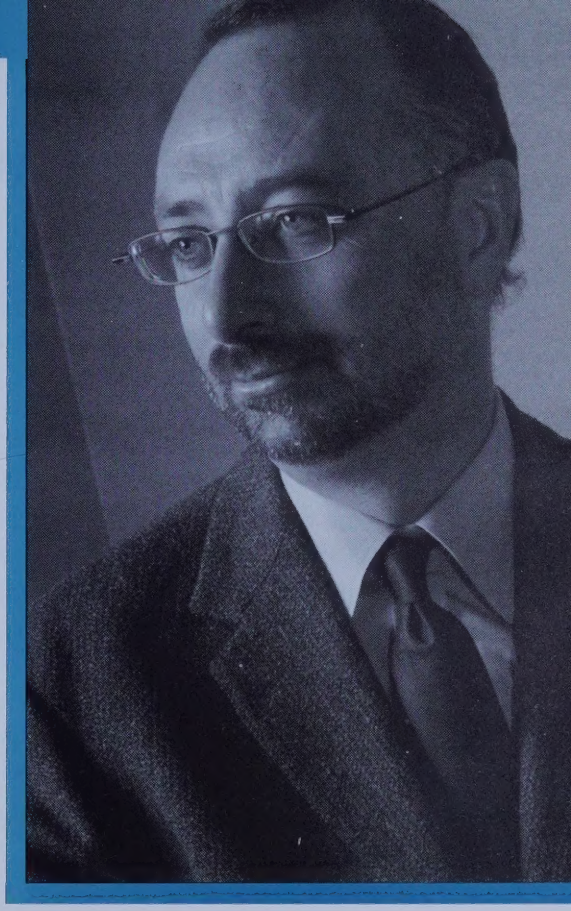
To move MBP8298 forward, BioMS will use the data from our recent trial to determine an ongoing clinical trial plan. We have engaged an experienced and well regarded independent research firm and internationally experienced clinical trial investigators to assist us in this crucial element of our corporate development. The Company is completing toxicology studies and expects to commence patient enrollment for the next clinical trial in the first quarter of 2003.

At the same time that the Company is fortifying research and development activities, it is moving decisively to protect and enhance the value of its shareholders' investments. We intend to protect our intellectual property vigorously; BioMS has obtained 18 patents in 13 countries including three in the biggest market, the United

States. There are patents pending in 17 other countries. An additional safeguard is to ensure that the Company has access to capital as it grows and attracts further shareholders. To this end, we will pursue a listing on a major exchange in the coming year.

We also see the year ahead as one of significant progress for BioMS. Our cash position is sufficient to advance our research plan. BioMS has a significant market opportunity, compelling clinical results and the resources at hand to meet vital unmet human needs. We look forward to providing updates to our shareholders throughout the year.

Kevin A. Giese
President and Chief Executive Officer



Taking up the Fight Against CPMS

Multiple Sclerosis (MS) is one of the most common diseases of the central nervous system in young adults. An estimated 2.5 million people in the world have MS - approximately 400,000 in North America.

There are two dominant forms of MS: Relapsing Remitting (RRMS) and Chronic Progressive (CPMS), each representing 50% of the MS patient population. While the trigger for MS has yet to be established, MS is understood to be an autoimmune disease, where the patient's immune system attacks the myelin sheath surrounding nerve cells. By destroying myelin, the immune system damages the protective insulation of nerve cells, impacting their function. This can be compared to a loss of insulating material around an electrical wire, which interferes with the transmission of signals.

BioMS is attempting to bring new hope to patients with CPMS. More than 100 patients have received MBP8298 treatments through several Phase I clinical trials conducted since 1992. In the last Phase I clinical trial, consisting of 41 patients and 15 placebo, 80% of the patients receiving MPB8298 responded with complete or partial antibody suppression. No clinically relevant side effects were observed in any of these patients.

In another recently completed Phase II human clincal trial, BioMS sought to assess the clinical progression (or "decline") by such standard measures as the Expanded Disability Status Score ("EDSS") and the 22 metre Timed Walk. Patients also had levels of their anti-Myelin Basic Protein ("anti-MBP") antibodies in the cerebrospinal fluid measured. The preliminary results reinforced the results observed in the Phase I trial.

Some of the results include findings that:

- A high percentage of patients had complete or partial anti-MBP suppression after receiving intravenous injections of MBP8298, confirming the results of the Phase I study.
- Three times more patients who received MBP8298 and showed complete or partial anti-MBP suppression also showed some clinical stabilization as measured by the EDSS and the 22m Timed Walk, when compared to the placebo group.
- No clinically relevant peptide-related side effects were observed.

Management's Discussion and Analysis

The following discussion of BioMS' financial condition and results of operation should be read in conjunction with the audited financial statements and accompanying notes of the Company for the year ended December 31, 2001.

Overview

BioMS Medical Corp. ("BioMS" or the "Company") has licensed a synthetic peptide technology for the treatment of multiple sclerosis on an exclusive worldwide basis. The technology, MBP8298, is based on 25 years of research performed at the University of Alberta. To date, MBP8298 has undergone Phase I and II human clinical trials. To fund its operations, the Company relies upon the proceeds of public and private offerings of equity securities and interest income.

Effective August 1, 2001 the Company acquired all of the shares and related assets of Rycor Technology Investments Corp. ("Rycor"). The acquisition was accounted for as a reverse takeover and accordingly the financial statements include the results of Rycor from January 1, 2001 and the results of BioMS since August 1, 2001. Comparative figures also present the operations and financial position of Rycor.

Results of Operations

The consolidated net loss for the twelve months ended December 31, 2001 was $4,777,262 or $0.24 per share as compared to $464,000 for the previous year. The increased loss in 2001 resulted primarily from increased investment in research and development related to MBP8298. Additional costs included the amortization of licensing costs and general and administrative expenses incurred to manage the overall growth of the Company.

Revenue

The Company reported revenue of $457,954 for the twelve-month period ended December 31, 2001, as compared to $88,947 in the year ended December 31, 2000. In both years the revenue was generated from interest income. The Company expects that interest income will fluctuate in relation to prevailing interest rates and the levels of funds invested.

Expenses

Total consolidated expenses for the twelve-months ended December 31, 2001 were $5,235,216 as compared to $553,644 in the previous year. The largest contributor to the increase were planned expenses associated with the continued progression in the development of MBP8298. In 2001, expenses related to the Company's direct research and development efforts accounted for $3,089,323 or 59% of all expenses.

Management's Discussion and Analysis

Research and Development

Research and development expenditures for the twelve-months ended December 31, 2001 totaled $3,089,323, as compared to $516,183 in the prior year. The costs consisted primarily of product development and consulting services expenditures relating to the development of MBP8298.

Clinical trial related expenditures related to MBP8298 are planned to increase in 2002, as the Company commences later stage trials of its MBP8298 treatment for multiple sclerosis.

General and Administration

General and administration expenses increased to $695,297 for the twelve-months ended December 31, 2001 as compared to $30,106 in the year ended December 31, 2000. General and administration costs represented approximately 13% of total gross expenses for the Company in 2001. These included costs for the following: investor relations, professional fees, business development, insurance, listing fees, consulting services, office expenses, occupancy costs, management remuneration and various other expenses relating to the operations and growth of the Company.

Liquidity and Capital Resources

At December 31, 2001 cash and short-term investments totaled $ 25,799,445, as compared to $ 3,835,253 in the year ended December 31, 2000.

The Company's cash position was strengthened during the past 12 months ended December 31, 2001 by: the issue of 7.6 million shares for net proceeds of $7.6 million pursuant to a special warrant offering; issue of 3.3 million shares for gross proceeds of $8.25 million pursuant to a prospectus offering dated March 20, 2001; and, issue of an additional 3.2 million shares during the period for net proceeds of $9.0 million resulting from the exercise of share purchase warrants and options.

BioMS has implemented a disciplined approach to the management of liquidity, capital and overall financial stability. The Company invests its cash reserves in liquid, high-grade investment securities.

The Company's net cash used in operating activities amounted to $3,014,376 for the twelve-months ended December 31, 2001, as compared to $336,529 in the prior year, and resulted primarily from the Company's research and development expenditures for advancing MBP8298 through the clinical trials. The Company also spent $35,504 on the purchase of capital assets, including computer equipment and infrastructure and $567,283 on licensing costs.

Management's Discussion and Analysis

Based on the current operating budgets, the management of BioMS believes that the capital resources of the Company should be sufficient for its short-term requirements. The Company's future funding needs may vary depending on a number of factors including the progress and costs of the preparations for, and the conduct of, the next clinical trials for MBP8298, the cost, timing and outcome of the regulatory process, the establishment of collaborations, the cost of preparing, filing, maintaining, defining and enforcing patent claims and the availability of other funding. The Company may need to raise additional capital to fund its operations in the future and would seek such additional funding through public or private equity financing from time to time as market conditions permit, or through collaborative arrangements.

Risks and Uncertainties

The Company is in the development stage with its drug platform, MBP8298. In order to bring this drug to market, BioMS will be required to expend considerable funds in order to complete clinical testing. There is no assurance that these clinical trials will provide a positive outcome. In addition, future success will also be dependent on the effectiveness and safety of the Company's product, regulatory approval for its products and the degree of patent protection. The Company maintains liability insurance, however it is possible that this coverage might not provide full protection against all risks.

The Company will continue to generate financing as required through the exercise of share options and warrants and the issuance of new share capital, as well as other financing opportunities such as strategic partnering arrangements. However, there can be no assurance that any of these methods will be successful in the future. Due to the nature of the Company's business, the market price of the Company's shares have been subject to significant speculation and volatility. The ability of the Company to raise funds from the issuance of additional share capital or from the exercise of share options and warrants will depend upon the strength of the equity markets, which are always uncertain. The expectations of securities analysts about the Company's financial or scientific results could have a significant effect on the trading price of the Company's shares.

Except for historical information, the matters discussed in this report are by their nature forward-looking. For reasons stated in the report or for various unanticipated reasons, actual results may differ materially.

Management's Responsibility for Financial Reporting

The Management of BioMS Medical Corp. has prepared the financial statements and all of the information in this annual report, and is responsible for the integrity and fairness of the data presented. The accounting policies followed in the preparation of these financial statements conform with Canadian generally accepted accounting principles, which recognize the necessity of relying on Management's judgment and best estimates. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. Financial information presented throughout this annual report is consistent with that in the financial statements.

To fulfill its responsibility and to ensure integrity of financial reporting, Management maintains a system of internal accounting controls. These controls, which include a comprehensive planning system and timely reporting of periodic financial information, are designed to provide reasonable assurance that the financial records are reliable and form a proper basis for the accurate preparation of financial statements.

Final responsibility for the financial statements and their presentation to shareholders rests with the Board of Directors. The Audit Committee of the Board of Directors oversees Management's preparation of financial statements and financial control operations. The Audit Committee meets separately with Management and the Company's independent auditors, Collins Barrow, to review the financial statements and recommend approval by the Board of Directors.

Kevin A. Giese

Clifford D. Giese

Auditors' Report

To the Shareholders of BioMS Medical Corp.

We have audited the consolidated balance sheet of BioMS Medical Corp. as at December 31, 2001 and December 31, 2000 and the consolidated statements of operations, deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and December 31, 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow

Collins Barrow, Chartered Accountants
Edmonton, Alberta March 15, 2002

BIOMS MEDICAL CORP.

Consolidated Balance Sheet

December 31, 2001 and December 31, 2000

	2001	2000
ASSETS		
Current Assets		
Cash	**$ 25,799,445**	$ 3,835,253
Amounts receivable	**63,837**	1,352,750
Prepaid expenses	**16,825**	---
	25,880,107	5,188,003
Licensing costs (Note 5)	**16,213,688**	15,500,507
Capital assets (Note 6)	**29,264**	---
	$ 42,123,059	$ 20,688,510
LIABILITIES		
Current Liabilities		
Accounts payable	**$ 527,286**	$ 138,706
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	**46,837,732**	9,463,849
Commitment to issue share capital	**---**	11,550,652
Deficit	**(5,241,959)**	(464,697)
	41,595,773	20,549,804
	$ 42,123,059	$ 20,688,510

Commitment (Note 12)

Approved on behalf of the Board

Kevin A. Giese
Director

Clifford D. Giese
Director

BIOMS MEDICAL CORP.

Consolidated Statement of Operations

For the Years Ended December 31, 2001 and December 31, 2000

	2001	2000
Revenue		
Interest income	$ 457,954	$ 88,947
Expenses		
Research and development (Note 8)	3,089,323	516,183
Amortization of licensing costs	1,444,356	7,355
General and administrative (Note 9)	695,297	30,106
Amortization of capital assets	6,240	---
	5,235,216	553,644
Net loss	$ 4,777,262	$ 464,697
Loss per common shares - basic (Note 10)	$ 0.24	$ ---

Consolidated Statement of Deficit

For the Years Ended December 31, 2001 and December 31, 2000

	2001	2000
Balance, beginning of year	$ 464,697	$ ---
Net loss	4,777,262	464,697
Balance, end of year	$ 5,241,959	$ 464,697

BIOMS MEDICAL CORP.

Consolidated Statement of Cash Flows

For the Years Ended December 31, 2001 and December 31, 2000

	2001	2000
Operating Activities		
Net (loss)	$ (4,777,262)	$ (464,697)
Items not involving cash:		
Amortization of licensing costs	1,444,356	7,993
Amortization of capital assets	6,240	---
Net change in non-cash working capital balances related to operations	312,290	120,175
Cash used in operating activities	(3,014,376)	(336,529)
Investing Activities		
Organization costs	---	(900)
Licensing costs	(567,283)	(5,900,000)
Purchase of capital assets	(35,504)	---
Goods and services tax recoverable	1,336,510	(1,336,510)
Cash provided by (used in) investing activities	733,723	(7,237,410)
Financing Activities		
Share issue costs	(1,004,438)	(141,465)
Net proceeds from issuance of share capital	25,249,283	---
Commitment to issue share capital	---	11,550,652
Cash provided by financing activities	24,244,845	11,409,187
Increase in cash	21,964,192	3,835,248
Cash, beginning of year	3,835,253	5
Cash, end of year	$ 25,799,445	$ 3,835,253
Cash consists of:		
Bank and trust accounts	$ 9,043,718	$ 3,782,030
Interest bearing deposits	16,755,727	---
	$ 25,799,445	$ 3,782,030

Notes to the Consolidated Financial Statements

December 31, 2001 and December 31, 2000

1. Nature of Business

The Corporation was incorporated pursuant to the provisions of the Company Act (British Columbia) on December 15, 1998 under the name 576693 BC Ltd. The Corporation changed its name to EPS Capital Corp. (EPS) on February 9, 2001 and to BioMS Medical Corp. on July 30, 2001. The corporation was continued to the Province of Alberta July 31, 2001.

The Corporation is a development stage company and, through its subsidiaries, has obtained an exclusive worldwide license to a new medical technology for the treatment of multiple sclerosis.

2. Reverse Takeover

On August 1, 2001, BioMS acquired all of the outstanding commons shares of Rycor Technology Investments Corp. in exchange for 38,431,289 shares and 6,810,163 non-transferrable share warrants of BioMS. The acquisition has been accounted for as a reverse takeover of BioMS by Rycor.

Application of reverse takeover accounting results in the following:

a) The consolidated financial statements of the combined entity are issued under the name of BioMS Medical Corp. (formerly EPS), but are considered the continuation of the financial statements of Rycor. However, the stated capital of the consolidated entity at December 31, 2001 is that of BioMS. This capital structure is different from the capital structure appearing in the comparative financial statements for Rycor due to the application of reverse takeover accounting. As a result, earnings per share information is not considered meaningful for the year ended December 31, 2000. Prior to the acquisition of Rycor by BioMS, there were 21,000,050 common shares of Rycor outstanding with a stated capital of $12,907,262.

b) As Rycor is deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying value. The operations of BioMS are included from August 1, 2001.

c) Control of the assets and operations of BioMS is considered to be acquired by Rycor. For purposes of this transaction, the consideration is deemed to be the fair value of the net assets of BioMS, which was $330,053 at August 1, 2001. Immediately prior to the acquisition, there were 3,030,000 common shares of BioMS outstanding with an assigned value of $407,967.

2. Reverse Takeover (continued)

The fair value of the assets of BioMS acquired by Rycor are:

Cash	$	330,024
Prepaids		3,616
Accounts receivable		2,993
Accounts payable		(6,280)
	$	330,053

3. Summary of Significant Accounting Policies

Cash

Cash includes short term investments and term deposits, which are highly liquid marketable securities with a maturity of three months or less when purchased. The short term investments are valued at cost.

Capital Assets

Capital assets are recorded at cost. Amortization is calculated on an annual 20% straight-line basis.

Web Site Development Costs

Costs incurred in the infrastructure development stage of the web site are capitalized and amortized on a straight-line basis over a period of five years commencing with the date of completion of development.

Licensing Costs

Costs incurred to acquire license rights and acquire product and process technology are capitalized. Capitalized costs are being amortized on the straight-line method over the term of the license agreement, being twelve years.

Research and Development Costs

Research and development costs are expensed as incurred unless they meet generally accepted accounting criteria for deferral and amortization. The Corporation reassesses whether it has met the relevant criteria for deferral and amortization at each reporting date. To date, no development costs have been deferred.

December 31, 2001 and December 31, 2000

3. Summary of Significant Accounting Policies (Continued)

Future Income Taxes

Future income taxes result principally from temporary differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. The principal items which results in timing differences between financial and tax reporting purposes are amortization and tax loss carry forwards. Due to the uncertainty surrounding the realization of the future income tax assets at December 31, 2001, no future income taxes have been reported.

Stock Based Compensation

Amounts received from the exercise of share options and warrants are recorded as share capital. Compensation expense is not recognized on the issuance of common share options to directors and employees as the exercise price of the options is equal to the market value of the common shares at the date of grant.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Business Acquisitions

Effective August 1, 2001, the Corporation acquired all the shares and related assets of Rycor Technology Investments Corp., a company holding an interest in certain licensing rights and conducting research and development activities relating to technology for the treatment of multiple sclerosis. The acquisition has been accounted for as a reverse takeover and accordingly includes the results of Rycor Technology Investments Corp. operations in these financial statements from January 1, 2001 and the results of BioMS Medical Corp operations since August 1, 2001. The acquisition was completed through the issuance of 38,431,289 shares from treasury.

Comparative figures have been changed to present the operations and financial position of Rycor Technology Investments Corp.

Notes to the Consolidated Financial Statements

December 31, 2001 and December 31, 2000

4. *Business Acquisitions (continued)*

Effective March 1, 2001, Rycor Technology Investments Corp. acquired all the shares and related assets of Rycor Corp., a company holding an interest in certain patent rights and conducting research and development activities relating to technology for the treatment of multiple sclerosis. The acquisition has been accounted for by the purchase method of accounting and, accordingly, includes the results of Rycor Corp. operations in these financial statements from the date of acquisition. As a result of the acquisition, the company acquired net assets of $2,124,691 for $600,000 cash and through the issuance of 2,876,825 shares from treasury for an aggregate amount of $1,524,691.

5. *Licensing Costs*

	2001			2000
	Cost	Accumulated Amortization	Net	Net
Licensing costs	$ 17,655,651	$ 1,441,963	$ 16,213,688	$ 15,500,507

6. *Capital Assets*

	2001			2000
	Cost	Accumulated Amortization	Net	Net
Computer equipment	$ 19,428	$ 3,210	$ 16,218	$ ---
Web site development costs	15,500	2,454	13,046	---
	$ 34,928	$ 5,664	$ 29,264	$ ---

Notes to the Consolidated Financial Statements

December 31, 2001 and December 31, 2000

7. Share Capital

Authorized:
100,000,000 common shares
100,000,000 preferred shares

	Number of Common Shares		Amount
BioMS Medical Corp.			
December 31, 2000			
Common shares	2,900,000	$	460,000
Share issue costs			(76,610)
			383,390
December 31, 2001			
Reverse takeover by Rycor Technology Investments Corp.	38,431,289		30,104,917
Exercise of stock options and warrants	3,266,630		9,070,490
Issued for cash	3,300,000		8,250,000
Share issue costs	---		(971,065)
	47,897,919	$	46,837,732

Notes to the Consolidated Financial Statements

December 31, 2001 and December 31, 2000

7. Share Capital (Continued)

	Number of Common Shares	Number of Warrants	Amount
Rycor Technology Investments Corp.			
December 31, 2000			
Common shares, beginning of year	50		$ 5
Common shares issued in exchange for licensing rights	18,123,225		9,605,309
Share issue costs	---		(141,465)
Common shares, net of share issue costs	18,123,275		9,463,849
Special warrants issued for cash		9,763,860	11,550,652
December 31, 2001			
Special warrants issued for cash		7,577,379	7,599,098
Conversion of special warrants to common shares	17,431,239	(17,341,239)	
Common shares issued for acquisition of Rycor Corp.	2,876,775		1,524,691
Share issue costs	---		(33,373)
	38,431,289	---	$ 30,104,917

Notes to the Consolidated Financial Statements

December 31, 2001 and December 31, 2000

7. Share Capital (Continued)

17,714,891 common shares issued are held in escrow at December 31, 2001. The escrowed shares will be released as to one third of the shares on each of January 27, 2002, July 27, 2002 and January 27, 2003.

The Corporation has granted to its directors, officers, employees and consultants options to purchase 1,059,500 common shares. 159,500 options are exercisable at $0.20 per common share and will expire on January 9, 2006. 900,000 options are exercisable at $2.50 per common share and will expire on July 23, 2006. 774,500 options are issued to directors and 285,000 options are issued to employees and consultants.

The options are non-transferable. Options granted to directors and officers will terminate one year following the date the optionee ceases to be a director or hold an office of the Corporation by reason of death, or 90 days after ceasing to be a director or officer for any reason other than death. Options granted to employees and consultants will expire on the date the optionee ceases to be an employee or consultant of the Corporation.

On October 23, 2001, the corporation issued 1,815,000 Series A share purchase warrants entitling the holders to purchase up to an aggregate of 1,815,000 Class A common shares at the subscription price of $5.80 per share. The expiry date of the warrants is October 22, 2003.

On November 9, 2001, the corporation also granted to a company options to purchase 30,000 common shares, exercisable at $5.75 per common share expiring on November 8, 2006.

8. Research and Development Expenses

Research and development costs consist primarily of products and consulting services relating to the development and testing of technology for the treatment of multiple sclerosis.

9. General and Administrative Expenses

General and administration expenses consist primarily of consulting services, office expenses, occupancy costs and management remuneration and expenses.

Notes to the Consolidated Financial Statements

December 31, 2001 and December 31, 2000

10. Loss Per Share

Loss per common share have been allocated on the weighted average number of common shares outstanding for the period of 19,825,355 (September 30, 2001 - 11,511,450).

The effect of potential exercise of options is anti-dilutive at December 31, 2001 and is therefore not presented.

11. Income Tax Losses

The corporation has non-capital income tax losses in the amount of $3,676,736 in the aggregate, which were incurred for the following periods ended:

December 31, 2000	$	659,307
December 31, 2001		3,017,429
	$	3,676,736

These losses may be carried forward for seven fiscal periods. The potential income tax benefit of these losses has not been reflected in the financial statements to December 31, 2001.

12. Commitment

On August 1, 2000, the corporation entered into a licensing agreement to cover certain related patent claims. The licensing agreement requires payment of a monthly maintenance fee plus royalties on an escalating scale based on net sales of the licensed product.

13. Financial Instruments

Fair value estimates are made as of a specific point in time using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision.

Financial instruments of the corporation consist mainly of cash, amounts receivable and accounts payable. As at December 31, 2001, there are no significant differences between the carrying amounts of these items and their estimated fair values.

Board of Directors and Officers

Kevin A. Giese

President and Chief Executive Officer

Clifford D. Giese

Chairman and Chief Financial Officer

Laine M. Woollard

Director

Dr. Kjell Stenberg

Director

Michael Kennedy

Secretary

Legal Counsel:

Anfield Sujir Kennedy & Durno

Auditors:

Collins Barrow

Registrar and Transfer Agent:

Pacific Corporate Trust Company

Corporate Information

Exchange and symbol:

TSX Venture - "MS"

Corporate office:

BioMS Medical Corp.
6030-88 Street
Edmonton, Alberta
T6E 6G4
(780) 413-7152 tel
(780) 466- 6791 fax

Notice of Annual Meeting:

Wednesday, June 19th, 2002 - 7 p.m.
Mayfield Inn
16615 - 109 Avenue
Edmonton AB T5P 4K8
Tel: 780-484-0821

Website:

www. biomsmedical.com

For more information:

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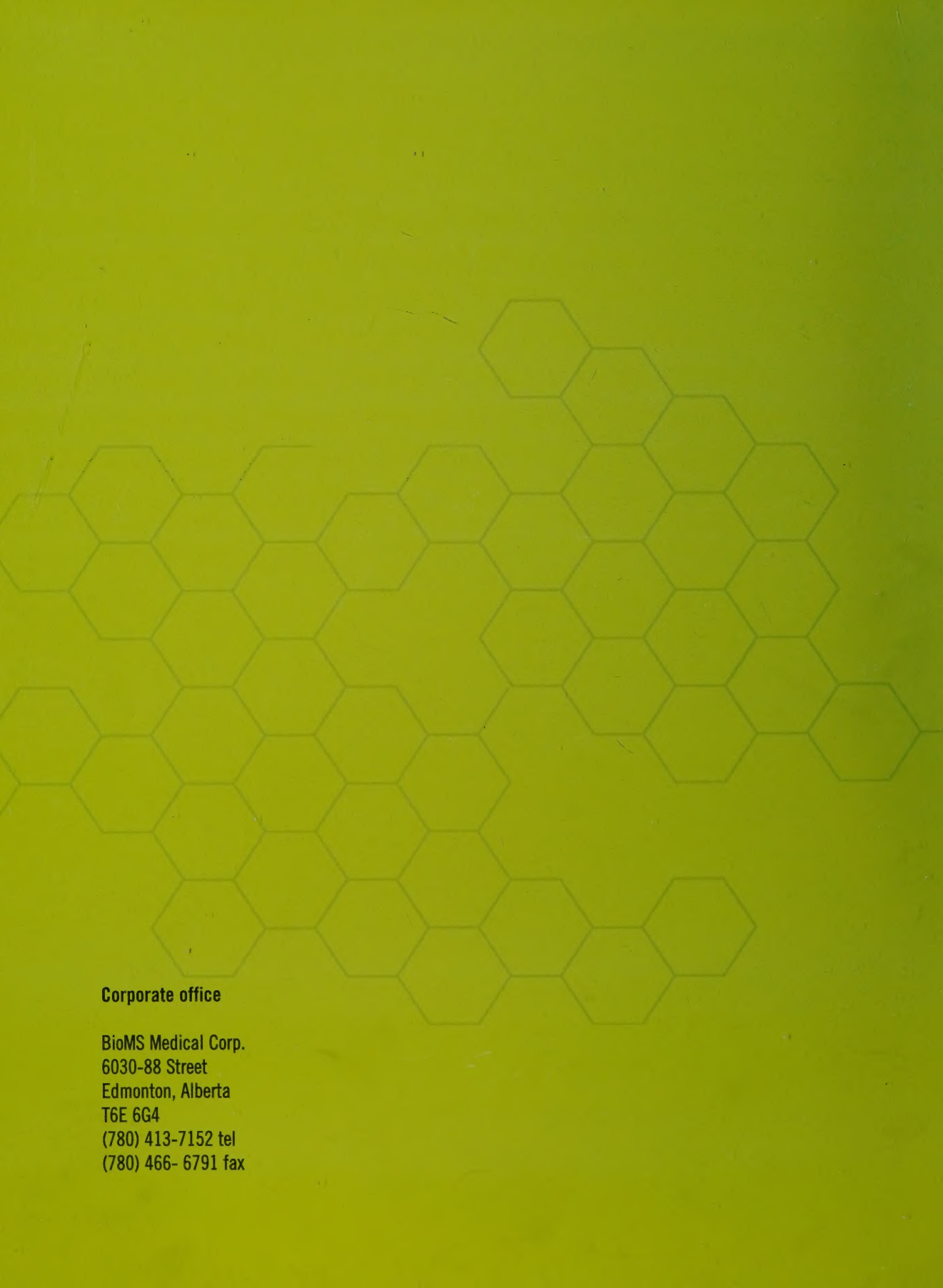
E-mail: jhussey@equicomgroup.com



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